

Milk Pricing

NEWSLETTER



Dairy Marketing Branch, CDFA

January 2005

National Commodity Prices for Butter and Cheese Head Downward

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for nonfat dry milk remained fairly constant while the Grade A butter and Cheddar cheese prices both decreased compared to last month. Consequently, the prices for whole, reduced fat, lowfat, and skim milk all decreased: whole milk decreased twenty-seven and five tenths cents per gallon; reduced fat milk decreased twenty-three and one tenth cents per gallon; lowfat milk decreased twenty and three tenths cents per gallon; and skim milk decreased fourteen and three tenths cents per gallon.

**See lowest reported lawful retail milk prices on page 2.*

Year-end cheese and butter holiday sales were strong and California milk production continues to show increases over last year totals. The commodity prices for butter and cheese were lower in late December compared to the previous month, but holding steady, however, the cold winter weather that has settled in much of the country may impact milk production in the weeks ahead. There has been a strong demand for cheese for Super Bowl Sunday, the biggest cheese buying event of the year, and the demand for dairy products may stay strong through the early Easter season.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for February 2005

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.309	\$0.655	\$0.327	\$0.164	\$0.109	\$0.082
Reduced Fat (2%)	\$1.179	\$0.590	\$0.295	\$0.147	\$0.098	\$0.074
Lowfat (1%)	\$1.102	\$0.551	\$0.275	\$0.138	\$0.092	\$0.069
Nonfat (Skim)	\$0.822	\$0.411	\$0.206	\$0.103	\$0.069	\$0.051
Southern California						
Whole Milk	\$1.333	\$0.666	\$0.333	\$0.167	\$0.111	\$0.083
Reduced Fat (2%)	\$1.203	\$0.601	\$0.301	\$0.150	\$0.100	\$0.075
Lowfat (1%)	\$1.126	\$0.563	\$0.281	\$0.141	\$0.094	\$0.070
Nonfat (Skim)	\$0.847	\$0.423	\$0.212	\$0.106	\$0.071	\$0.053
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.275↓	\$0.137↓	\$0.069↓	\$0.034↓	\$0.023↓	\$0.017↓
Reduced Fat (2%)	\$0.231↓	\$0.115↓	\$0.058↓	\$0.029↓	\$0.019↓	\$0.014↓
Lowfat (1%)	\$0.203↓	\$0.101↓	\$0.051↓	\$0.025↓	\$0.017↓	\$0.013↓
Nonfat (Skim)	\$0.143↓	\$0.071↓	\$0.036↓	\$0.018↓	\$0.012↓	\$0.009↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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Minimum Prices for the Milk Component of Various Manufactured Dairy Products

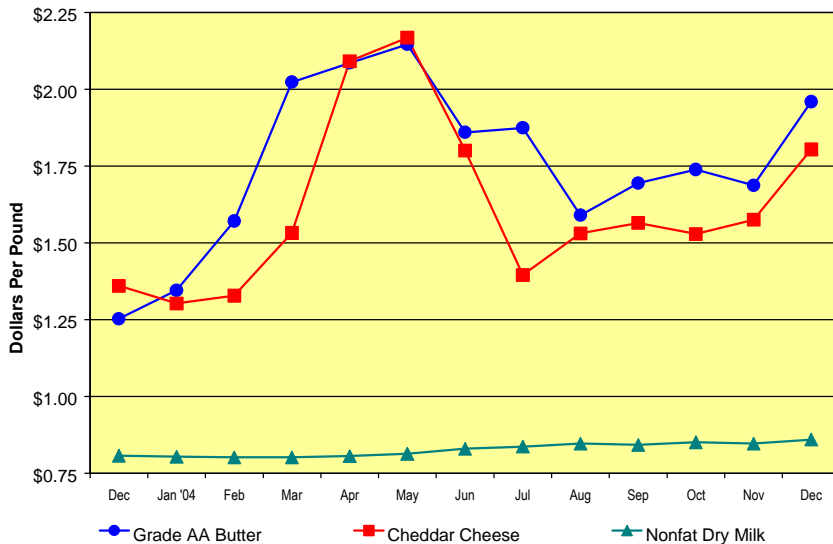
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Mar '04	\$0.19	\$1.27	\$0.49
Apr	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71
July	\$0.21	\$1.90	\$0.71
August	\$0.21	\$1.68	\$0.63
September	\$0.21	\$1.68	\$0.63
October	\$0.20	\$1.53	\$0.58
November	\$0.20	\$1.53	\$0.58
December	\$0.21	\$1.63	\$0.61
January '05	\$0.21	\$1.63	\$0.61

National Commodity Prices December 2003 - December 2004

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk January 2005

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$5.39	\$2.70
2% Reduced Fat	\$4.99	\$2.50
1% Lowfat	\$4.99	\$2.50
Nonfat/Skim	\$3.89	\$1.95
<u>Southern California</u>		
Whole Milk	\$5.25	\$2.63
2% Reduced Fat	\$4.85	\$2.43
1% Lowfat	\$4.85	\$2.43
Nonfat/Skim	\$3.81	\$1.91

This newsletter can also be found on our website at:
www.cdfta.ca.gov/dairy/milkpricing.nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfta.ca.gov, or by contacting TDD 1-800-735-0193.

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